



Foreign Agricultural Service

GAIN Report

Global Agriculture Information Network

Voluntary Report - public distribution

Date: 9/11/2002

GAIN Report #SF2024

South Africa, Republic of

Grain and Feed

Monthly Update

2002

Approved by:

Jude Akhidenor

U.S.Embassy, South Africa

Prepared by:

Herman Germishuis

Report Highlights:

The final estimate of South Africa's 2001 corn crop is 9.1 million tons, barely sufficient to supply its own and the needs of its customs union partners. Demand was increased by a regional famine. In the free market environment international trade blossomed. Imports this season is expected to exceed 700,000 tons and exports 1.2 million tons. It is expected that the 2002 crop, soon to be planted, will increase. The area planted is expected to expand and if favorable weather continues, a 9.5 million ton crop can be expected. This will not necessarily mean that the tight supply situation will ease as the regional demand is expected to stay high, and consequently, so will prices.

Includes PSD changes: Yes
Includes Trade Matrix: No
Unscheduled Report

Pretoria [SF1], SF

Executive Summary	1
CORN	2
Production	2
Consumption	4
Trade	6
WHEAT	9
Production	9

Executive Summary

The final official estimate of South Africa's 2001 corn crop amounts to 9.1 million tons, barely sufficient to supply its own needs of about 8.4 million tons and those of its customs union partners (Botswana, Lesotho, Namibia and Swaziland) estimated at about 700,000 tons. The famine in Zimbabwe, Malawi and Zambia added to the demand and as a result a lively trade situation has developed. MY May 02/April 03 imports are expected to reach more than 700,000 tons, the bulk, about 450,000 tons, made up of less than 1% GMO US white corn and the rest by yellow corn imported from Argentina and Brazil who are able to comply with South Africa's GMO listing requirements. Exports are expected to reach 1.2 million tons of which 750,000 tons will be white corn delivered to its immediate neighbors.

The 2002 supply and demand situation will be tight again in spite of expectations for a bigger crop. Indications are that farmers will increase plantings and a 9.5 million ton crop is forecasted although planting has not commenced yet. With consumption constant this will allow for more exports and less imports although prices are expected to stay high as the regional demand is unlikely to diminish and international prices are high.

The 2002 wheat crop is estimated at 2.3 million tons, well short of the 2.6 million ton demand. The normal imports of about 500,000 tons is expected to continue as imports are also needed to increase protein and baking quality in the stocks. Exports are expected to reach 250,000 tons again as South Africa acts as a conduit for regional imports.

Sources:

www.fewsn.net
www.sagis.org.za
www.grains.co.za
www.safex.co.za
www.fas.usda.gov/export-sales/corn
www.wfp.org
www.vegrains.org
www.grains.org
www.ncga.com

CORN

PSD Table						
Country	South Africa, Republic of					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		05/2001		05/2002		05/2003
Area Harvested	3225	3223	3350	3350	3400	3500
Beginning Stocks	2115	2040	1231	460	1431	700
Production	7483	7500	9000	9100	9000	9500
TOTAL Mkt. Yr. Imports	395	395	600	740	200	300
Oct-Sep Imports	0	350	900	600	350	300
Oct-Sep Import U.S.	0	180	0	385	0	200
TOTAL SUPPLY	9993	9935	10831	10300	10631	10500
TOTAL Mkt. Yr. Exports	1335	1280	1600	1200	1300	1500
Oct-Sep Exports	1469	1470	1350	1300	1500	1400
Feed Dom. Consumption	3427	3575	3800	3600	4000	3625
TOTAL Dom. Consumption	7427	8195	7800	8400	8000	8400
Ending Stocks	1231	460	1431	700	1331	600
TOTAL DISTRIBUTION	9993	9935	10831	10300	10631	10500

Production

The final official estimate of South Africa's current, FAS 2001, corn crop was released on August 20, 2002. The estimate, at about 9.1 million tons, was unchanged from the previous, sixth, estimate. The first official estimate in February 2002 amounted to 9.2 million tons, very close to the final estimate. In February the crop on commercial farms was estimated at 8.9 million tons consisting of 5.1 white and 3.8 yellow. This was less than 1% bigger than the final estimate.

As a result of the regional shortages there are a lot of interest shown in South Africa's 2002 crop prospects. The crop, soon to be planted, is expected to be bigger than the current crop if "normal" seasonal weather conditions continue. The big current crop coupled to favorable prices led to a general improvement in the financial condition of farmers. With an increase in export demand expected, we foresee the commercial area planted to increase to about 3 million hectares, about 1.9 million hectares to white and 1.1 to yellow. This should lead to a crop of about 5.5 million tons white and 3.7 million tons yellow corn totaling 9.2 million tons. The developing sector is expected to produce about 300,000 tons on 500,000 hectares. A 9.5 million ton crop should allow exports of about 1.2 million tons or 1.5 million tons if imports into the coastal areas continue.

The following table contains the official estimate:

Corn	Area planted 2000	Yield	Final est.	Area planted 2001	Yield	Final estimate
	'000 ha.	mt/ha	'000 mt.	'000 ha.	mt/ha.	'000 mt.
Commercial						
White corn	1 596	2.58	4 110	1 722	2.94	5 066
Yellow	1 112	2.80	3 115	1 111	3.34	3 716
Total	2 708	2.67	7 225	2 833	3.10	8 782
Developing agriculture						
White	386	0.49	189	408	0.60	245
Yellow	129	0.53	69	109	0.66	72
Total	515	0.50	259	517	0.61	317
Total corn						
White	1 982	2.17	4 299	2 130	2.49	5 311
Yellow	1 241	2.57	3 184	1 220	3.10	3 787
TOTAL	3 223	2.32	7 483	3 350	2.72	9 099

While the crop on commercial farms is generally used as the figure for domestic production, actual deliveries to the silos indicate that the crop may have been underestimated in the past. The following table compares the crop estimates with actual deliveries to the silos, taking early deliveries into account and adding them to the relevant marketing year. Early deliveries are those in April before the May 1 start of the marketing year. Deliveries amounted to 199,000 tons in April 2000, 74,000 tons in April 2001 and 538,000 tons in April 2002. In addition, about 196,000 tons from the new crop were already delivered in March 2002, which are also deducted from the carry over and added to the new crop. Early deliveries for this season thus totaled 734,000 tons.

Note that it was white corn deliveries which usually exceeded the crop estimate. All figures are rounded.

	White corn	Yellow corn	Total corn
Crop estimate, '000 mt.	FAS 1999	PY 1999/2000	MY 2000/2001
Commercial production	6 155	3 985	10 140
Deliveries *	6 510	4 025	10 535
Difference	+355	+40	+395
Crop estimate	FAS 2000	PY 2000/2001	MY 2001/2002
Commercial production	4 110	3 115	7 225
Deliveries*	4 360	2 910	7 270
Difference	+250	-205	+45
Crop estimate	FAS 2001	PY 2001/2002	MY 2002/2003
Commercial	5 065	3 715	8 780
Delivery to date*			
March 2002	73	123	196
April	232	306	538
May to July	4448	3125	7573
Total	4753	3554	8307
Difference	312	161	473

* Including deliveries in the corresponding season.

The FAS 2001, MY 02/03, deliveries will give a clear indication of the crop size once the August figures become available. The crop estimates committee has been increasing the estimate as deliveries occurred and the figures are expected to be close. One would, however, expect a small white corn and a bigger yellow farm retention figure which is taken into account in the following table.

Consumption

A commercial PS&D based on actual deliveries to the silos can be supplied.

	FAS 2000	May 2001 to	April 2002	FAS 2001Est	May 2002 to	April 2003
'000 mt.	White	Yellow	Total	White	Yellow	Total
B/stocks *	1245	795	2040	250	210	460***
(Prod. est.)	(4300)	(3185)	(7485)	(5310)	(3790)	(9100)
Deliveries**	4360	2910	7270	5100	3600	8700****
Imports	45	350	395	450	290	740
Supply	5650	4055	9705	5800	4100	9900
Exports	760	520	1280	750	450	1200
Dom. use	4640	3325	7965	4650	3350	8000
E/stocks***	250	210	460	400	300	700

* Excluding April 2001 early deliveries of 74,000 tons.

** Including April 2001 early deliveries.

*** Excluding March and April 2002 early deliveries of 734,000 tons.

**** Estimate, including March and April 2002 early deliveries.

For My 2001/2002 in the table above, carry-over stocks, deliveries, imports and exports are hard figures with domestic consumption calculated. The low, 460,000 ton carry over shown at the end of April excludes early deliveries which were available in the market due to favorable prices and special weather conditions. The availability of early deliveries varies between seasons and the market cannot rely on such stocks to be available. As a result, millers have to make provision for sufficient carry over stocks.

For My 2002/2003 we have to make some assumptions. As explained earlier we expect about 8.7 million tons to be delivered while we are aware of about 360,000 tons of white corn that has already been purchased in the U.S. for delivery during the current South African marketing season while another 90,000 tons are being negotiated. Reported purchases from Mexico can not be confirmed. Yellow corn imports from South America into the coastal areas are continuing, leading to estimated total imports of 740,000 tons. Domestic consumption is expected to show a small decrease as the high price levels impact the situation. This is offset by increased formal and informal meal exports leading to a local consumption estimate of about 8 million tons. Pipeline requirements are about 900,000 tons but 700,000 tons should suffice, allowing exports of about 1.2 million tons. White corn exports to the BLNS countries are expected to reach 550 to 600,000 tons leaving 150 to 200,000 tons for other destinations in the drought stricken region. Commercial and aid purchases for famine relief have been slow as the bulk of the assistance will consist of donated supplies. Yellow corn exports will mainly be determined by the Japanese and regional demand for GMO free corn. The open nature of the South African agricultural economy and the inland transport costs allows the current spate of imports and exports

Trade

The SAGIS export figures for the season to date are as follows;

CORN EXPORTS	White corn '000 mt.	Yellow corn '000 mt.	Total corn '000 mt.
MY May/April 00/01	810	615	1425
MY May/April 01/02	760	521	1281
MY May/April 02/03			
May 02, overland	71	20	91
Overseas	0	0	0
Total	71	20	91
June 02, overland	69	19	88
Overseas	0	26	26
Total	69	45	114
July 02, overland	37	23	60
Overseas	5	4	9
Total	42	27	69
May to July 02, overland	181	58	239
Overseas	5	30	35
Total to date	186	88	274

Imports are also picking up.

CORN IMPORTS	White corn '000 mt.	Yellow corn '000 mt.	Total corn '000 mt.
MY May/April 01/02	47	348	395
MY May/April 02/03			
May 02	48	47	95
June 02	76	7	83
July 02	44	26	70
May to July 02	168	80	248

South Africa thus exported about 275,000 tons of corn between May and July 2002., of which h about 180,000

tons was white corn exported to its neighbors. The bulk of these sales went to its partners in the Southern African Customs Union (the BLNS countries) and the rest to Zimbabwe, Malawi and Zambia.

From January to May 2002 South Africa exported about 300,000 tons, 143,000 to Zimbabwe, 70,000 to Zambia, 49,000 to Japan and 25,000 tons to Malawi but these figures exclude sales to the BLNS countries.

Imports from May to July amounted to about 250,000 tons of which the US supplied about 170,000 tons of white . From January to May 2002 South Africa imported more than 420,000 tons including 175,000 tons from Argentina, 125,000 tons from the US and 120,000 tons from Brazil. The imports from the US consisted of less than 1% GMO white corn while the imports from Argentina and Brazil consisted of yellow corn that could comply with South Africa's GMO requirements. The GMO issue is still alive in the region with Zambia still not accepting GMO corn for famine relief. It appears that the other countries is accepting GMO corn as long as it is milled before it is distributed.

Prices are still keeping track with import parity and the exchange rate. The following table contains the September 2 SAFEX prices:

Rand/Mt.	September 02	December 02	March 03	May 03	July 03
White corn	1795	1871	1906	1825	1782
Yellow corn	1540	1589	1638	1650	1652
Wheat	1930	2037	2098	2149	2190

An example of an import parity calculation is supplied:

	#3 Yellow corn , Gulf	HRW # 2 Wheat, Gulf
FOB Gulf (\$/ton)	112.46	164.43
Freight rate (20-30,000 ton) \$/ton	19.00	19.00
Insurance (\$/ton)	0.34	0.49
CIF (\$/ton)	131.80	183.92
Converted to Rand/ton @ 10.82	1426.41	1990.47
Rand per ton		
Financing costs, 16% prime	18.76	26.18
Discharging costs	73.50	83.06
Import tariff	137.40	196.00
FOR Durban	1656.07	2295.71
Transport costs to Randfontein	135.00	135.00
Delivered price, SAFEX basis	1791.07	2430.71
SAFEX Sept.price ex Randfontein	1540	1930

The Durban SAFEX price for corn is $R1540 + 135 = R1675$ which is more than the import parity price (R1656) and which explains the imports. The difference will be even bigger in Cape Town where transport costs are higher. The Durban wheat price will be $R1935 + 135 = R2065$ with import parity at R2295 but quality considerations play a part in wheat imports. The R196/ton import tariff on wheat, based on a formula, is due to be adjusted any moment as the trigger three week international price average has been reached. This could cut the tariff to about R46/ton and if the international indicator increase another \$5/ton the tariff could be removed altogether. The Corn import tariff of R137.40 is under similar pressure.

WHEAT

PSD Table						
Country	South Africa, Republic of					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		10/2000		10/2001		10/2002
Area Harvested	934	934	959	959	900	935
Beginning Stocks	550	536	599	571	639	670
Production	2349	2353	2490	2494	2300	2300
TOTAL Mkt. Yr. Imports	550	499	500	500	500	500
Jul-Jun Imports	550	539	500	420	500	370
Jul-Jun Import U.S.	0	23	0	20	0	25
TOTAL SUPPLY	3449	3388	3589	3565	3439	3470
TOTAL Mkt. Yr. Exports	200	232	250	250	250	250
Jul-Jun Exports	221	205	250	235	250	300
Feed Dom. Consumption	10	60	10	45	10	50
TOTAL Dom. Consumption	2650	2585	2700	2645	2700	2650
Ending Stocks	599	571	639	670	489	570
TOTAL DISTRIBUTION	3449	3388	3589	3565	3439	3470

Production

The revised area planted and first official estimate of the 2002 wheat crop was released on August 20. According to the estimate the area planted to wheat decreased by 24,000 hectare from 959,000 hectare in 2001 to 935,000 hectare in 2002. The expected crop is 2.298 million tons, 195,000 tons less than last year's crop. The main reason for the decrease is the decline in area planted in the Free State, probably due to the favorable corn prices. The following table contains the details:

Province	Area planted 2002 '000 hectare	First estimate 2002 '000 metric tons	Area planted 2001 '000 hectare	Final estimate 2001 '000 metric tons
Western Cape	380	874	374	804.1
Northern Cape	50	280	50	270
Free State	427	790	450	1035
Eastern Cape	3.5	8.75	2.9	9.3
Kwazulu	8.6	43	11	50.6
Mpumalanga	22	112.2	20.5	102.5
Limpopo	13.5	40.5	15	46.5
Gauteng	2.5	12.5	3	13.2
North-West	28	137.2	33	161.7
TOTAL	935.1	2298.1	959.4	2492.9

South Africa usually imports wheat to push up the protein and baking qualities of the local crop, while it also act as a conduit for wheat going to its neighbors. From October 2001 to July 2002 imports amounted to about 425,000 tons of which about 200,000 tons was re-exported. This trend is also expected to continue in the new season starting October 2002.